

Remarks by

J. David Patterson
Principal Deputy Under Secretary of Defense (Comptroller)

before the

Commission on the National Guard and Reserves

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Chairman Punaro and members of the Commission, thank you for the opportunity to discuss the resourcing needs of the National Guard and Reserve Component of America's Armed forces.

I would also like to express my deep appreciation for the Commission's strong support of the citizen soldiers who so valiantly serve their state and local communities and the Nation, as part of a total U.S. military force.

As you may know, in testimony last week before the Senate Appropriations Committee, Secretary Gates stated that he had accepted, and would proceed to promulgate in whole or substantially in part, 20 of the Commission's 23 recommendations – including your recommendation that the head of the National Guard Bureau receive be of four star rank.

With that in mind, I will comment briefly on the areas of concern outlined in your invitation that pertain to office of Comptroller, and then be happy to respond to your questions.

Policy Development and Guidance and the PPBE Process

With regard to policy development and guidance, and the Planning, Programming, Budgeting and Execution System, the Secretary agreed that the Department of Defense should validate, as appropriate, civil support requirements generated by the Secretary of Homeland Security.

Accordingly, the Department of Defense will continue to work collaboratively with the Department of Homeland Security to define those requirements and to ensure that adequate policies are in place to budget for military assistance to civil authorities.

As for the process by which equipment and funding needs for the Guard and Reserve are defined, I would emphasize that those needs are presented, debated, validated and prioritized in the very same way as the needs of other organizations.

All of the Reserve components, including the National Guard, are integrated into the planning, programming and budget processes of their respective Services.

The Services rigorously prioritize their funding requirements from the highest to the lowest priority – with the two highest priorities being those forces who are either deploying or about to deploy.

Each Reserve component is given a portion of the Service's top-line funding to budget for programs such as pay and allowances, recruiting, training, and equipment.

After the component's budget has been formulated, it is forwarded first to its parent Service for review and integration. The Service budgets are then reviewed, analyzed, and balanced across the Department by the Office of the Secretary of Defense; and, finally, coordinated with OMB.

Thus, by the time the budget reaches Congress, it has been thoroughly reviewed multiple times, at many levels, and represents the Department's best judgment of what is needed to accomplish the mission.

Budget and Affordability of the Reserve Component

With regard to the budget and affordability of the Reserve Component, much has been said recently with regard to equipping and training shortfalls – particularly within the National Guard.

First, let me say, as [National Guard Bureau Chief] Lt. Gen. Steven Blum has noted, that the National Guardsmen who are today deployed in the global war on terror are superbly trained and equipped. Indeed, like their active duty counterparts, they are unquestionably the best trained and equipped forces in U.S. history.

Now, there is no doubt that the pace of operations – and the process of prioritizing the readiness of deploying units – has caused a decline in the readiness of non-deployed units. And it is for that reason that the Department continues to take steps to mitigate stress on both active duty forces and the Reserve Component. For example:

- The FY 2008 Reserve Component baseline budget now before Congress represents a **\$18.1 billion** or 73 percent increase over FY 2001 Reserve Component funding totals – as opposed to a 67 percent increase over FY 2001 levels in the Department's overall FY 2008 budget request. So the Reserve Component is being funded at an historic highpoint.

- The FY 2008 Global War on Terror (GWOT) Request **includes \$6.5 billion** in funding for Reserve Component equipment, training, and recruiting and retention incentives. Fully \$4.9 billion of that amount is specifically budgeted for equipment.
- In addition, the Secretary's decision to limit Guard and Reserve mobilizations to 12 months will also have a significant positive effect – not just on readiness – but on unit cohesion, employers and families.

So, we are working very hard to ensure that all of America's soldiers, sailors, airmen and Marines are fully trained and equipped to successfully carry out their missions.

Finally, Mr. Chairman, I'd just like to say a few words about the work of the more than 50,000 financial managers, accountants, and analysts who make of the DoD financial community. These are the people who budget for and track the disbursements of the Department's budget. I'm very proud of the excellent work they do.

Sometimes in our efforts to solve the manifest problems we encounter forgotten, all too often is the magnitude of the enterprise.

With **1.4 million** active duty men and women; **654,000** civilians; **1.2 million** Guard and Reserve; and **2 million** retirees or other beneficiaries, the Department of Defense is the Nation's largest and most complex organization – larger than Ford, General Motors, Exxon Mobil, even Wal-Mart.

Keeping track of all the transactions necessary to run an organization that large is no mean feat. Indeed, in FY 2006 alone, the Defense Finance and Accounting Agency has:

- Processed **145.3 million** pay transactions for nearly **6 million** people;
- Posted **57 million** general ledger transactions;
- Paid **13.8 million** commercial invoices; and **7 million** travel payments;
- Managed military retirement and health benefits funds worth **\$255 billion**; and **\$20.9 billion** in foreign military sales; (reimbursed)
- Disbursed **\$424 billion** in payments to contractors, vendors & others;
- and Accounted for **878** active DoD appropriations.

We take our work seriously. And we apply the same diligence and determination to the problems of the National Guard and Reserves that we do to every other organization within the sprawling Department of Defense.

Mr. Chairman, the Department appreciates the seriousness and dedication with which the Commission has examined the organization,

training, equipment, compensation and support of the National Guard and Reserve components as they relate to homeland missions and U.S. national security. We share your concerns, and are happy to work with you to improve the resources and capabilities of the National Guard and Reserve.

Thank you, Mr. Chairman. I would be happy to respond to questions.

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